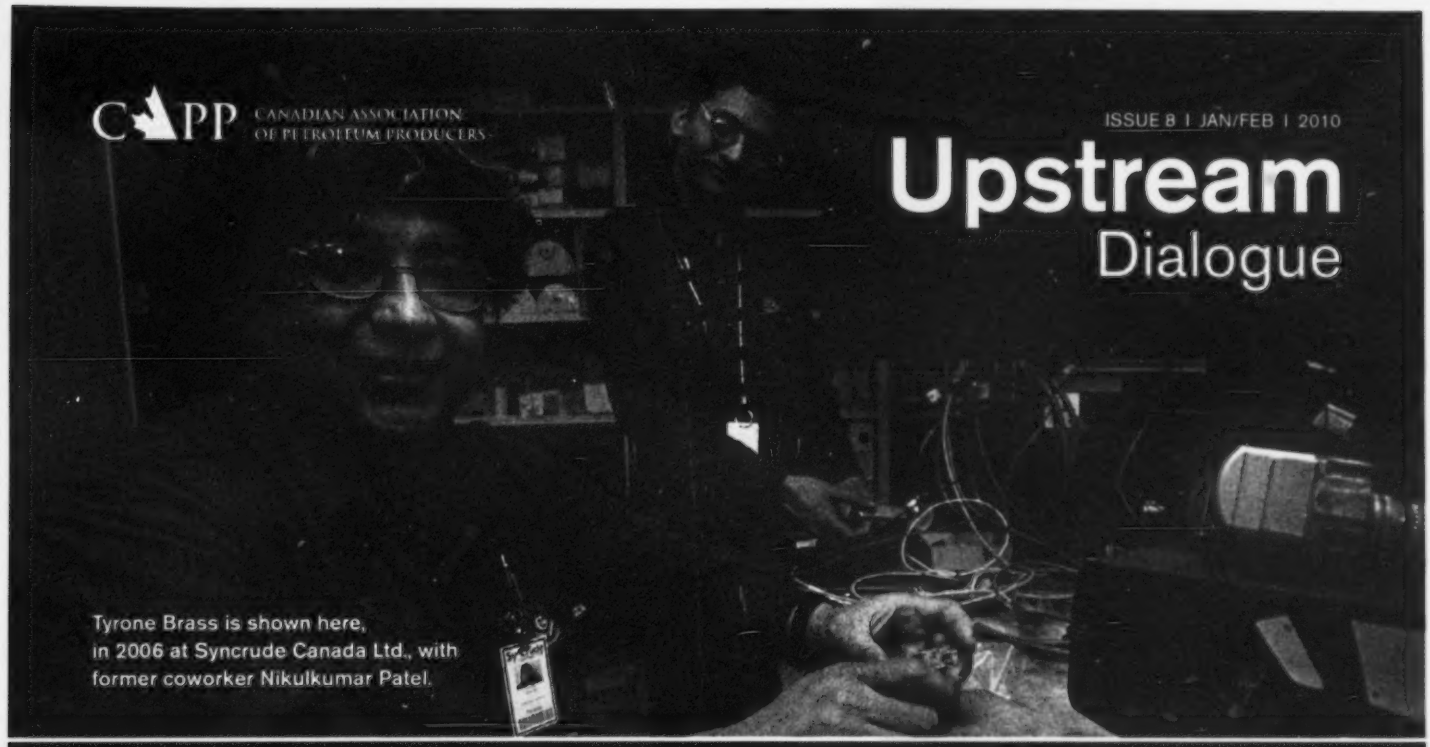
CAPP CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS

ISSUE 8 | JAN/FEB | 2010

Upstream Dialogue



Tyrone Brass is shown here, in 2006 at Syncrude Canada Ltd., with former coworker Nikulkumar Patel.

Employee Perspectives: THEN & NOW

PAGE TWO

For nearly two decades Tyrone Brass built his career from the ground up with Syncrude Canada Ltd. This is him then. Now, he continues to contract with Syncrude as a successful Aboriginal business owner. Read more

CAPP EVENTS & UPDATES

Newfoundland & Labrador Oil & Gas Week

February 21 – 27, 2010

View the list of events.

Steward of Excellence Awards Dinner

March 15, 2010

Purchase your tables and individual tickets now.

Energy in Action

May 3 – 28, 2010

Learn more about how your company can get involved in this grassroots event.

CAPP Oil and Gas Investment Symposium

June 14 – 15, 2010

Registration is opening soon.

Inside

Industry in the News read more . . . . . PAGE THREE

Stewardship

Innovation and Technology . . . . . PAGE FOUR

Researchers are looking at ways to reduce water use by "dry cleaning" the oil sands. read more

Relationships Behind the Resource. . . . . PAGE FIVE

For EnCana, being a good neighbour means that Courtesy Matters. read more

Energy in Action 2010 . . . . . PAGE SIX

Is your company a part of the action this year? read more

Industry Practice and Regulations read more . . . . PAGE SEVEN

Employee Perspectives:
THEN & NOW

From Employee to Entrepreneur

Name: Tyrone Brass

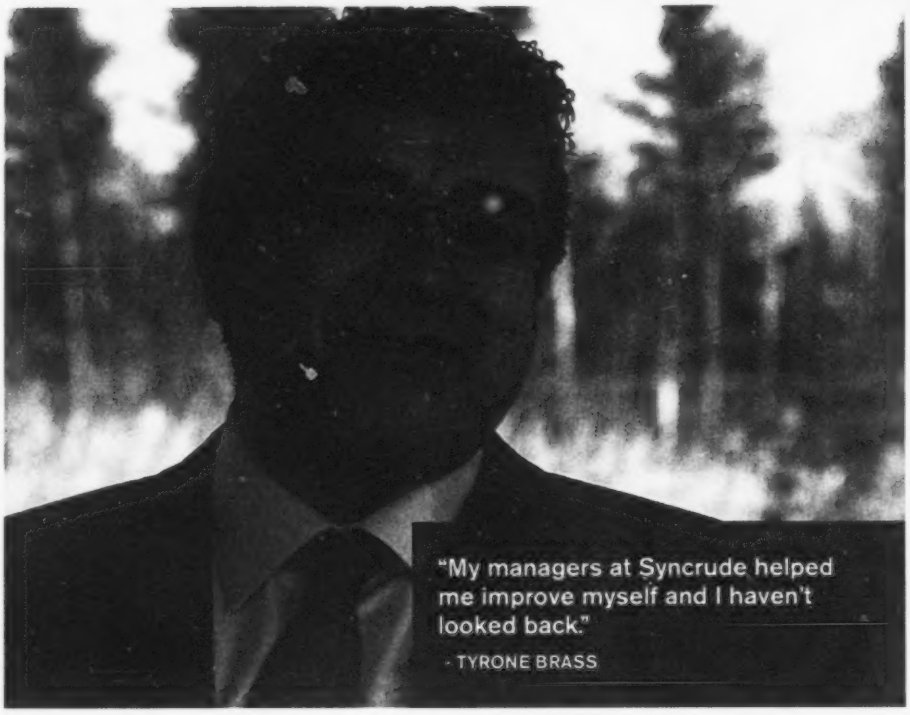
Title: Entrepreneur

Company: Bayzik Electric (former Syncrude Canada Ltd. employee)

Years of Experience: 24

Best part of the job: "I love the action."

Success Story: After 19 years with Syncrude, Brass started his own company which now has 28 employees and a gross annual income of more than $6 million.



Tyrone Brass spent nearly two decades working for Syncrude before heading out on his own five years ago to start his own company, Bayzik Electrical Valve and Instrumentation Inc.

"It's going where I want it to be. I don't just want to be a guy who travels around in a truck with tools," says Tyrone. "I also wanted to have a little bit of a distributorship; carry a line of electronics and have technical support staff to support that."

Tyrone started his career in the late 80s as a labourer in the mining department at Syncrude. Over the years, he took advantage of progressively more senior opportunities in different departments while also going to school to acquire two trades; electrician and instrumentation technologist.

Along the way, his managers at Syncrude supported him wholeheartedly. "I had managers really encourage me and alert me to various development programs that Syncrude had," says Tyrone. "That helped make bettering yourself a positive experience."

As a young man just starting out, Tyrone remembers seeing a native company showing off its success in a parade near his home reserve. "It had a big effect on me. It made me really proud to be an Indian," says Tyrone.

"I thought, man oh man if I do this, if I go there, I am going to make sure that I give someone else a boost and do that for someone else."

Tyrone has five native employees working for him at the moment and he's always looking for more. Aside from growing his own business, he helps other native businesses as the 2nd Vice President of the Northeastern Alberta Aboriginal Business Association (NAABA). The non-profit organization promotes businesses, jobs, and training that support all native people in the region.

He's also a huge booster of Alberta Apprenticeships, and has sponsored a number of apprentices on his staff. "I have assembled a very high powered brilliant team of folks at Bayzik" Tyrone says.

Reflecting on his successful career from employee to entrepreneur, Tyrone, 50, says he couldn't have done it without a series of great mentors at Syncrude. "One of the things they preached to me was that all problems – even big, complex and expensive problems - are really very simple," he says.

"So when there's a complicated problem, I run to it and look for the very simple, small problem at the core. And that's where we start to solve it."

- Learn more about Tyrone's company, Bayzik Electric.
- Learn more about NAABA.

$575 million

Wood Buffalo Aboriginal companies performed over $575 million in contract work with oil sands companies in 2008.

- Source: Oil Sands Developers Group

Industry in the News

The Copenhagen Accord

The United Nations Climate Change Conference in Copenhagen ended December 19, 2009 with a political agreement called 'The Copenhagen Accord.' The Accord is a commitment by all major emitting countries to take action to reduce greenhouse gas emissions. Canada has confirmed its support for the Accord and has committed to reduce economy-wide greenhouse gas emissions by 17 per cent from 2005 levels by 2020.

The path forward for climate policy internationally, in North America and in Canada remains very uncertain and will certainly continue to evolve in the post-Copenhagen period.

- Read **CAPP's preliminary assessment of the Copenhagen Accord**, including CAPP's key messages.
- Learn more about how Canada's oil and gas industry **provides GHG solutions**.

News Highlights

Au service des Québécois
January 21, 2010, La Presse

- Read this **editorial** by André Pratte that discusses Québécois Christian Paradis' appointment to Minister of Natural Resources.

What if Quebecers got their wish, and the oilsands closed?
January 7, 2009, Montreal Gazette
(Originally printed in the Calgary Herald, December 19, 2009)

- Read this **editorial** by Licia Corbella.

Oil Sands or Tar Sands?
December 21, 2009, CBC Radio News

- Listen to the **CBC Radio News report** announcing that it has recently decided it will use the term oil sands to refer to the resource.
- Read more about the debate between **oil sands and tar sands**.

Oil sands threaten our survival, Gore warns
November 23, 2009, Toronto Star

- Read this **article and CAPP's rebuttal**, *Turning a Prius into a Hummer, Not so.*

Battle for the oil sands
December 19, 2009, The Globe and Mail

- Read this **in-depth story** that explores a number of promising new technologies that are reaching commercialization stage in the oil sands.
- Read more **current news stories** about the oil sands.

New CAPP Video
Canada's Oil Sands: Come See for Yourself

You've seen the photos. Now, explore the facts behind the mines and wells.

Learn what the oil sands are and how they're developed as well as what's being done to protect the environment, pioneer technology, reclaim land, engage communities, and provide economic opportunities.

Watch *Canada's Oil Sands: Come see for yourself*

MYTH vs FACT

MYTH: In his **recent interview with the Toronto Star**, Al Gore comments that gasoline from oil sands, "Gives a Toyota Prius the carbon footprint of a GM Hummer."

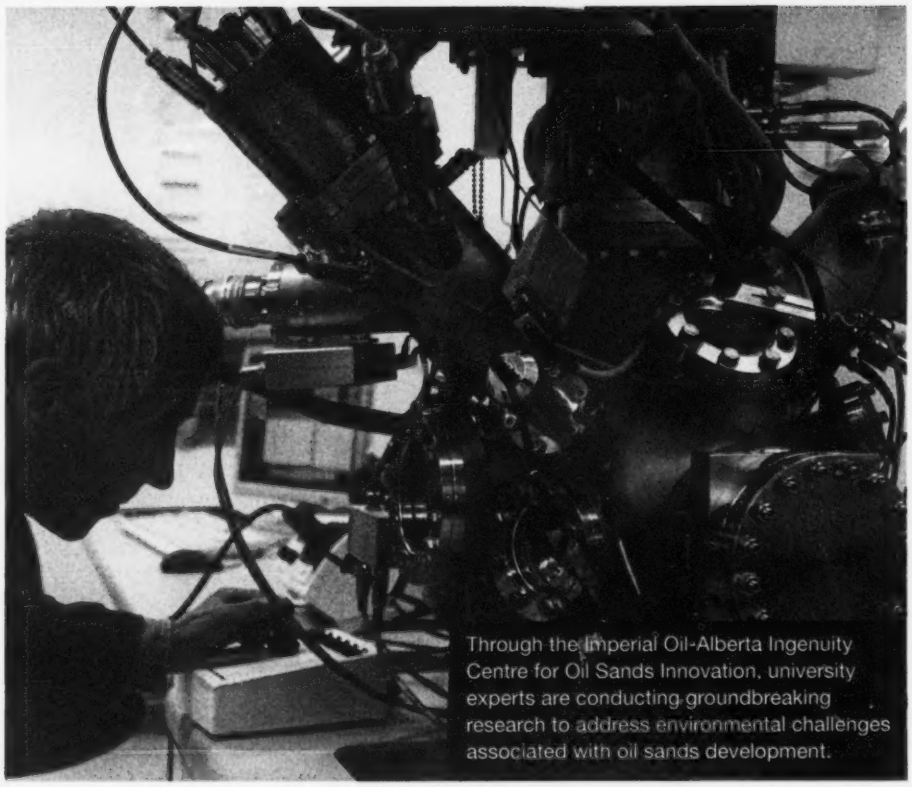
FACT: Gasoline from oil sands turns a Toyota Prius into a **Smart For Two!**

GHG Emissions on Saudi Light crude oil:
- PRIUS: 15 kg CO_2e/100km
- HUMMER: 63 kg CO_2e/100km

GHG Emissions on Oil Sands' synthetic crude oil:
- PRIUS: 18 kg CO_2e/100km
- HUMMER: 77 kg CO_2e/100km

Fuel economy of the Prius and Hummer were obtained from the U.S. EPA and Motor Trend. Lifecycle GHG analysis from both crude types were obtained from The Alberta Energy Research Institute's report on **Life-Cycle Analysis of North American and Imported Crude Oils.**

- Source: CAPP



Through the Imperial Oil-Alberta Ingenuity Centre for Oil Sands Innovation, university experts are conducting groundbreaking research to address environmental challenges associated with oil sands development.

85%

Since the 1980s, oil sands operators have reduced their water use by up to 85 per cent.

Managing water is a key cost of oil sands production. Minimizing water use is good for the environment and helps manage costs.

Stewardship: Innovation and Technology

Dry cleaning the oil sands

Researchers at the University of Alberta are looking for ways to replace water with solvents [➡ sidebar] in oil sands mining and extraction operations. Scientists at the Imperial Oil-Alberta Ingenuity Centre for Oil Sands Innovation (COSI) are studying methods of non-aqueous extraction: how to separate the bitumen from the oil sands with little or no water use.

"Instead of water, we'll use organic solvent," says Dr. Tony Yeung, professor at U of A and COSI project leader. "When you do laundry, most of the time you wash your clothes in water. Sometimes you dry clean them. You could say we're looking at how to dry clean the oil sands."

Yeung's job is to look at the basic science of using solvents in oil sands mining and extraction operations. "There are many things that we don't understand, such as whether small particles adhere to or repel each other in a hydrocarbon environment. That is relatively uncharted territory," he explains.

Additionally, near complete recovery of the solvent from the remaining tailings [➡ sidebar] needs to be achieved – a combination of good science and good engineering is required.

Scientists at COSI are working on more than 20 interrelated projects – work that will eventually be published. COSI is funded by Imperial Oil and Alberta Ingenuity along with Alberta Energy Research Institute, Natural Resources Canada's Foundation for Innovation and the Natural Sciences and Engineering Research Council of Canada.

- Read more stories about how CAPP member companies are using innovation and technology to improve environmental performance.

➡ Solvents

A substance, usually a liquid, capable of dissolving another substance.

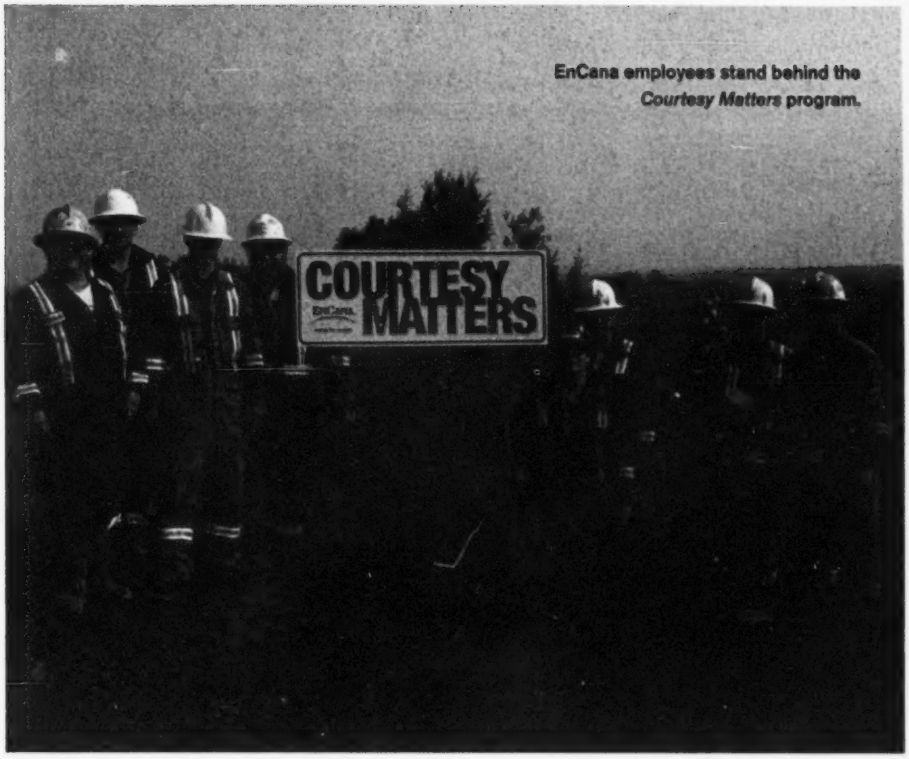
- Source: The American Heritage® Dictionary of the English Language, Fourth Edition

Oil sands operators use solvents to liquify and separate bitumen from sand underground so it can be pumped to the surface.

➡ Tailings

In open pit mining, companies use hot water to separate very heavy oil (bitumen) from sand. Used process water, sand, clay, and residual bituman is then sent to a tailings pond where it settles and the water is recycled.

- Learn more about Tailings Ponds



EnCana employees stand behind the *Courtesy Matters* program.

Stewardship: Relationships Behind the Resource

Courtesy does matter

"Courteous, respectful behaviour isn't optional at EnCana, it is a way of doing business at all levels of our organization, from management in Calgary to our people working in the field." Mike Forgo, Vice-President, Business Services & Stakeholder Relations, EnCana.

2007 Steward of Excellence Award: Social Performance

EnCana created *Courtesy Matters* three years ago to foster dialogue and address concerns residents may have with the company's activities in their communities.

The program focuses on being a good neighbour, being proactive and making small changes in behaviour that make a big difference to residents. By working with communities, employees and contractors, *Courtesy Matters* addresses concerns such as traffic, dust, noise, gates and garbage, minimizing the impact EnCana's activity can sometimes have on local residents.

In 2009, EnCana focused on finding ways to track incidents and look for trends so employees can address an issue before it has an effect on their neighbours. Two-way communication is a critical component, providing residents with the opportunity to voice their concerns. Both EnCana Operations and Community Relations Leads and Vice-Presidents review issues every month.

EnCana increasingly engages with field staff and contractors to remind them of the principals of the program and to reinforce its importance. The company also works with local *Courtesy Matters* Advisory Committees in its key operating areas to promote ongoing communication and provide another channel to address concerns collectively.

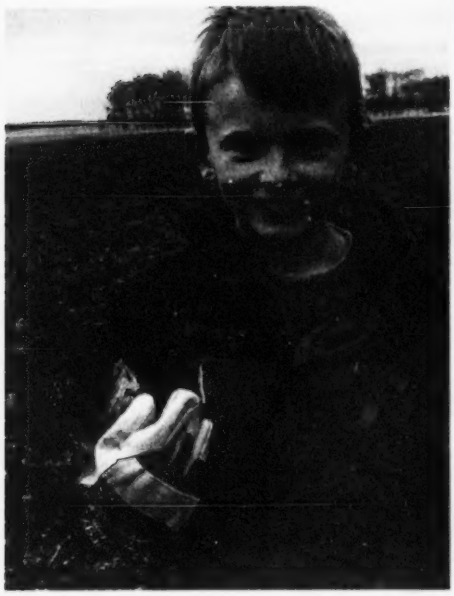
Cenovus Energy, a leading integrated oil company formed late last year when EnCana split into two separate companies, is also committed to a robust good neighbour program. One of the company's founding commitments is respect for the communities in which it operates. While the new Cenovus program will maintain many of the same elements as *Courtesy Matters*, the company plans to expand the program into northern communities where it operates.

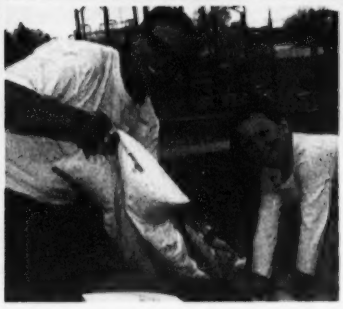
▶ Learn more about EnCana's ***Courtesy Matters*** Program.

Community Solutions

In contributing to the solutions developed through EnCana's Courtesy Matters program, EnCana employees and contractors are:

- Using dust suppression techniques in front of residences as needed for heavy traffic moves.
- Ensuring lease sites are clean and free of debris and garbage, as well as organizing and participating in local garbage cleanups and toxic roundups.
- Using designated traffic routes, moving equipment at times that provide minimal disturbance to area residents, and adhering to all posted speed limits.
- Monitoring operational noise levels and addressing associated noise concerns.





Stewardship – Energy in Action 2010

Growing relationships with Energy in Action 2010

During the month of May, school children in 11 communities across Canada will join industry and contribute to the global greening movement.

Energy in Action, a collaborative effort by CAPP member companies, is a program to teach students in grades four and five about oil and gas resources and the importance of environmental stewardship. These one-day events include interactive classroom sessions, reinforced with environmental renewal projects, where students can turn a worn out patch of their schoolyard into a natural learning space, or work with local environmental groups on a community greening project.

Energy in Action 2010 events will take place from **Monday, May 3 to Friday, May 28**.

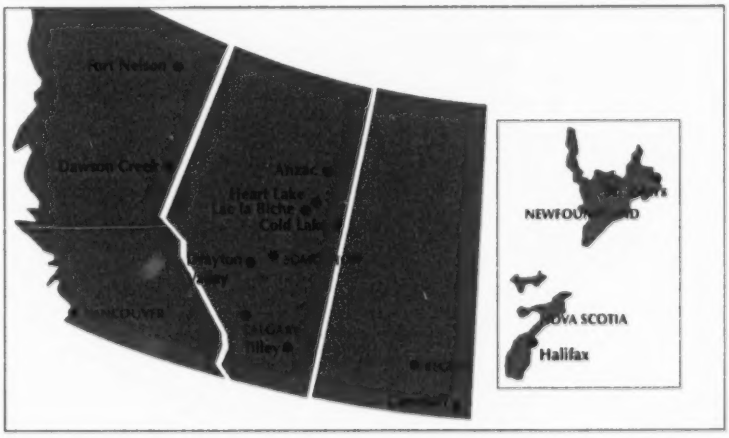
There are still opportunities for you to get involved in this year's events. If your company has operations in or near any of the 2010 Energy in Action locations, please contact Laura Perry at (403) 267-1143 or laura.perry@capp.ca

2010 Energy in Action Locations

- Fort Nelson, BC
- Dawson Creek, BC
- Anzac, AB
- Cold Lake, AB
- Lac la Biche, AB
- Heart Lake, AB
- Drayton Valley, AB
- Tilley, AB
- Carnduff, SK
- Halifax, NS
- St. John's, NL

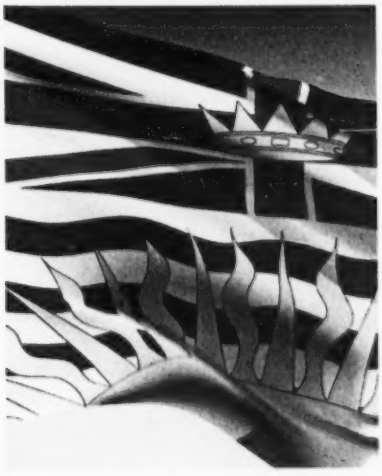
▶ Learn more about Energy in Action.

▶ Get the recap on Energy in Action 2009 events.



Energy in Action is on Twitter. Follow us @EnergyInAction.

New B.C. regulatory framework



The regulations enabled by British Columbia's new Oil and Gas Activities Act (OGAA) are expected to come into force by May of this year. OGAA is meant to simplify and modernize the regulatory framework in the province by consolidating and updating the Oil and Gas Commission Act (OGC Act), the Pipeline Act and operational aspects of Petroleum and Natural Gas Act (P&NG Act).

The provincial government passed OGAA in May of 2008 and it will come into effect once all the regulations have been completed and approved, which is expected to be May, 2010. Completing the regulations involves extensive engagement with affected parties including CAPP and other industry associations, environmental organizations, First Nations, government ministries, landowners, and other groups.

OGAA reflects changing social and environmental expectations as well as new technologies that make way for more exploration and development with less environmental or safety risk.

▶ Learn more about British Columbia's new Oil and Gas Activities Act.

AB Land-use Framework Updates

There are several updates to Alberta's Land-use Framework, seven strategies designed to improve land-use decision-making in the province. The following strategies have been updated:

Strategy 1 – Develop seven regional land-use plans based on seven new land-use regions.

- The Lower Athabasca Regional Plan is expected to hold a second round of public consultation in February 2010.
- The South Saskatchewan Regional Plan's first round of public consultation (via online input) will end January 15, 2010.

Strategy 3 – Cumulative effects management will be used at the regional level to manage the impacts of development on land, water and air.

- Models and tools to support a cumulative effects approach to development are being designed.

Strategy 4 – Develop a strategy for conservation and stewardship on private and public lands.

- A green paper is expected to be out for stakeholder consultation in February 2010.

Strategy 5 – Promote efficient use of land to reduce the footprint of human activities on Alberta's landscape.

- A plan for major transportation and utility corridors is being developed concurrent with regional planning, and may not be completed until 2012.

Strategy 6 – Establish an information, monitoring and knowledge system to contribute to continuous improvement of land-use planning and decision-making.

- Work on the mechanism for an environment pillar will continue into 2010 And more details are expected with the completion of the Lower Athabasca Regional Plan.

The Land-use Framework falls under the Alberta Land Stewardship Act, which covers governance (i.e., Land Use Secretariat), development of regional plans, relationship of regional plans to other regulations and statutes, mechanism for aligned decision making among Ministries, and conservation tools to support achieving outcomes of the Framework.

▶ Read more about Alberta's Land-use Framework

Pre-Disturbance Assessment process changes

Changes to Alberta Environment's (AENV) Pre-Disturbance Assessment (PDA) process [➡ sidebar] means fewer requirements for some in situ projects. The new process is as follows:

1. Environmental Protection and Enhancement Act (EPEA) approval holders requiring PDA authorization(s) in 2010 are to submit a request to AENV asking for permission to provide PDA/C&R (Construction and Reclamation) Plans prior to construction, but not for written authorization of individual PDA/C&R Plans.

2. A blanket authorization for all activities requiring a PDA authorization during 2010 will then be issued. The blanket authorization may call for an annual meeting with AENV and Alberta Sustainable Resource Development (ASRD) staff and will indicate where copies of the PDA/C&R Plans should be sent.

3. Next, EPEA approval holders complete the necessary PDA/C&R Plans and submit them to AENV/ASRD for information only, not for written authorization. Construction can begin following submission, provided that other required regulatory approvals are in place.

➡ Pre-Disturbance Assessment (PDA)

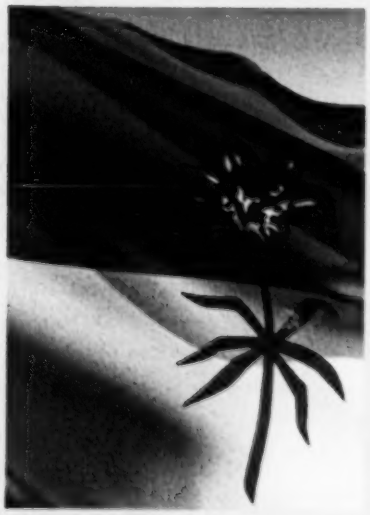
A report filed with the government that summarizes the state of the land prior to any development, with the purpose of guiding reclamation efforts after development has ended.

4. Where possible, the information in the PDA/C&R Plans for 2010 should be consistent with AENV's Guidelines for Submission of a Pre-Disturbance Assessment and Conservation and Reclamation Plan (PDA/C&R Plan). Each PDA/C&R Plan must include a 'Content Requirements Checklist' to ensure that required components have been addressed.

5. AENV will perform periodic audits of construction activities and measure performance against PDA/C&R Plans. AENV reserves the right to require written authorization of individual PDA/C&R Plans (i.e. the current process) for those not performing to AENV's satisfaction and/or new EPEA approval holders who have not yet completed a PDA/C&R Plan.

▶ Access the Guidelines for Submission of a Pre-Disturbance Assessment.

Sask Oil & Gas Systems to be newest in Canada



The Saskatchewan Ministry of Energy and Resources (MER) is beginning to review and renew all of its major oil and gas related processes and systems.

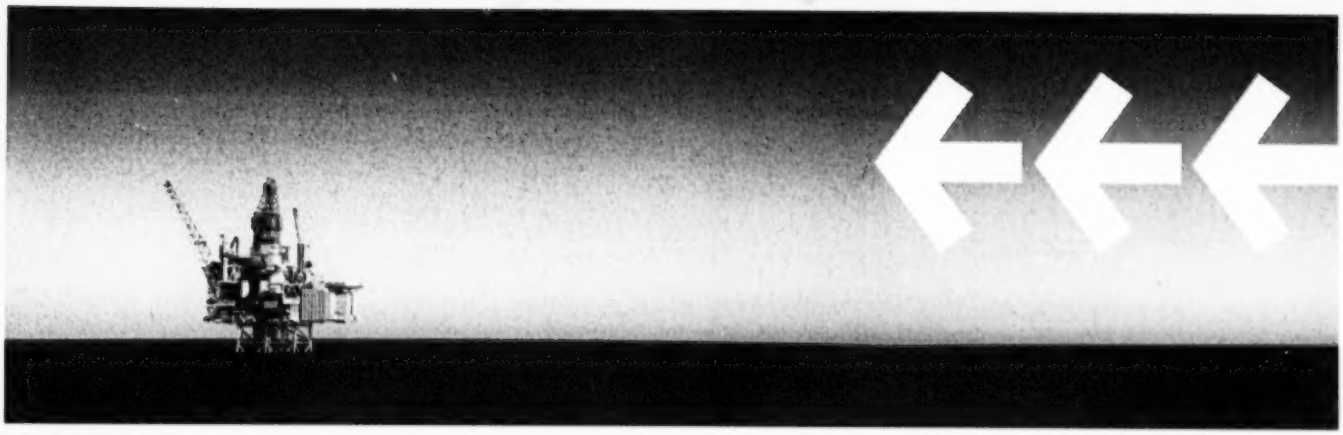
MER plans to completely modernize its business and regulatory systems targeted to the energy and resources sectors. This will result in Saskatchewan having the most up-to-date regulatory systems in Canada, if not the world.

The changes represent the most substantial overhaul of the province's approach to regulating the mineral industry in the past 50 years.

The initiative – Project Renewal and Infrastructure Management Enhancement (PRIME) – has begun with the establishment of several sub-committees. This is a multi-year project, with full completion not expected until early 2013.

As part of the process, MER is seeking advice from CAPP and its members on incentives to encourage new activity in the province in 2010. A PRIME Steering Committee will discuss the ideas and suggestions.

▶ Learn more about Saskatchewan Oil and Gas Business Process and Systems Renewal Project.



Industry Practice and Regulations (continued)

Coastal Trade License Application Guidelines

CAPP recently made a submission to the Canadian Transportation Agency in response to an open invitation for comments on proposed modifications to the Coasting Trade License Application Guidelines. The Guidelines, under the Coasting Trade Act, govern the application process that foreign vessels working in the offshore petroleum industry and other vessels must complete in order to apply for temporary admission into the country and operate in Canadian waters.

CAPP's submission focused on improvements to the application process to allow more flexibility for industry. These suggested improvements included:

- Specific requirements to ensure that fast track and urgent application processing occurs;
- Additional resourcing at the Canadian Tranportion Agency to ensure timely processing of applications; and,
- The shortening of regulatory time frames for decision making.

CAPP continues to express the view to the federal government that the offshore oil and gas industry should be exempted from the Coasting Trade Act completely. It is widely believed that the Act is having a detrimental impact on the development of Canada's offshore oil and gas resources and that the recent year over year decline of offshore seismic programs is attributable to regulatory barriers.

- ▶ Learn more about the **Coasting Trade Act**.
- ▶ Review comments to the proposed modifications to the **Coasting Trade License Application Guidelines**.

Que voulez-vous savoir sur les "oil sands"?

In response to international interest, CAPP's oil sands information package is now available in French, Norwegian and German.

The package includes the Guiding Principles for Oil Sands Development, which outlines the key foundational principles for oil sands development which have been endorsed by a number of leading oil sands companies. It also includes issue specific fact sheets, detailed brochures addressing three key issues: air, water, and land, and several innovation and technology stories that demonstrate how oil sands producers are developing energy responsibly.

The package is available for download or in print.

- ▶ Access the on-line versions of the **oil sands information package**.
- ▶ To order a printed copy of the oil sands information package in English, French, Norwegian, or German, email **publications@capp.ca**.

CAPP CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS

Canadian Association of Petroleum Producers (CAPP)

The Canadian Association of Petroleum Producers (CAPP) represents companies, large and small, that explore for, develop and produce natural gas and crude oil throughout Canada. CAPP's member companies produce about 90 per cent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry. Together CAPP's members and associate members are an important part of a $110-billion-a-year national industry that provides essential energy products. CAPP's mission is to enhance the economic sustainability of the Canadian upstream petroleum industry in a safe and environmentally and socially responsible manner, through constructive engagement and communication with governments, the public and stakeholders in the communities in which we operate.

2100, 350 – 7 Avenue SW
Calgary, Alberta
Canada T2P 3N9
Telephone: 403.267.1100
Fax: 403.261.4622

403, 235 Water Street
St. John's, Newfoundland and Labrador
Canada A1C 1B6
Telephone: 709.724.4200
Fax: 709.724.4225

If you would like to receive this newsletter directly from CAPP, email your request to upstreamdialogue@capp.ca.

CAPP is on Twitter. Follow us @OilGasCanada.

CAPP is on Facebook. Become a fan.

TELL US YOUR SUCCESS STORY

We are looking for employee stories to publish in our Employee Perspectives section.

If you know of a CAPP member company employee who has taken a leading role in an innovative company project, they may be eligible for feature in Upstream Dialogue. Please submit a brief bio, any existing published stories, and appropriate contact details about the employee to upstreamdialogue@capp.ca.

FEEDBACK

Your feedback, questions and/or comments are always welcome. Your input is important as we work to provide you with information about Canada's oil and gas industry.

▶ Send us your feedback